

WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING THURSDAY, AUGUST 12, 1993

Chairman Tull called the meeting to order at 1:40 p.m. at the Red Lion Inn, Pasco, Washington.

MEMBERS PRESENT: ROBERT M. TULL, CHAIRMAN; COMMISSIONERS WANDA MOSBARGER, PATRICK J. GRAHAM and ARDITH DIVINE.

OTHERS PRESENT: FRANK MILLER, Director; SHARON TOLTON, Special Assistant to the Director; BEN BISHOP, Assistant Director, Licensing; NEAL NUNAMAKER, Deputy Director; JONATHAN McCOY, Asst. Attorney General; CALLY CASS-HEALY, Program Manager, Financial Investigations; SUSAN YEAGER, Executive Secretary.

Chairman Tull said Director Miller has indicated staff reports are held off until tomorrow.

LICENSE APPROVALS

NEW LICENSES, CHANGES, WITHDRAWALS, and TRIBAL CERTIFICATIONS

Chairman Tull said these items are supplied to the members of the Commission in the agenda packet by staff; he asked if there are any changes or amendments. Hearing none, **Commissioner Divine** moved that the licenses, changes and withdrawals be acted on in accordance with the recommendation of Commission staff as set forth in the agenda packet. **Commissioner Mosbarger** seconded the motion, motion carried. **Mr. Bishop** said there is one other pull tab manufacturer to consider, Pollard Security Printers Inc., and the commissioners have an information packet. He said Ms. Cass-Healy will present the report.

Pollard Security Printers Inc; Winnipeg, Manitoba

Cally Cass-Healy said Pollard Security Printers Inc. applied for a license as a manufacturer of punchboard, pull tabs and pull tab dispensing devices for sale in the state of Washington. The corporate officers are: President Lawrence O. Pollard; Treasurer John S. Pollard. She said that, after the investigation, staff recommends licensing as a punchboard, pull tab and dispensing device manufacturer. **Commissioner Graham** asked if they are basically just a machine manufacturer, not a printer. **Ms. Cass-Healy** said they also make pull tabs. **Commissioner Graham** asked if the British Columbia address is just their mailing address; **Ms. Cass-Healy** said they have warehouses and sales offices outside of British Columbia; **Commissioner Graham** noted they have a warehouse in Seattle. **Commissioner Divine** asked if the money they make from this will be banked in Seattle or Canada; **Director Miller** said they could bank it in Canada because they are a Canadian corporation. He said they meet all the qualifications to do business in the state of Washington. **Mr. Bishop** said the recent trade agreement with Canada allows the pull tabs to come across the border now, which was not allowed previously. **Director Miller** asked if staff has done a

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quality control examination of their products. **Mr. Nunamaker** said staff has not seen their product, and they will be bringing things in for approval. **Ms. Cass-Healy** said they are temporarily licensed now. **Director Miller** said that he approved a temporary license pending this review, because of the time period. He asked the commissioners how they felt about temporary certifications given by the director in situations like this. **Commissioner Mosbarger** asked what happens if they have a license without seeing actual product and then staff finds out it's inferior product; can they be rejected then. **Director Miller** said yes, they can be rejected at that point and a recall can be issued. **Mr. Nunamaker** said this group has been in contact with the Commission for two years or so, and they know the Gambling Commission's standards well. **Mr. Bishop** said the company's manufacturing process was reviewed. **Commissioner Mosbarger** said Canadian guidelines for quality could be very different than the state of Washington. **Mr. Bishop** said staff has been considering whether quality control standards should be a part of the licensing process or kept as a separate issue. There is a manufacturer rule under discussion now and a provision has been put in saying the capability for the quality control standards should be part of the initial licensing. It seems somewhat burdensome for applicants to prepare a product for the Commission if they are then rejected. Right now they just have to prove the ability to meet the quality standards. **Director Miller** concurred that the present system works, and that this company would be continually monitored. **Commissioner Tull** said he finds no problem with the director issuing a temporary license in situations such as this one. **Commissioner Mosbarger** moved for approval of Pollard Security Printers; vote taken, motion carried.

REVIEW OF FRIDAY'S AGENDA

Sharon Tolton said there aren't many rules on tomorrow's agenda. Item 3A consists of three rules that are strictly housekeeping and are up for final action tomorrow. Item four is a continuation of the discussion on the petition from Sugarloaf regarding amusement game rules. **Chairman Tull** said it looks like a light agenda for Friday and said the Commissioners may want to bring up other topics for general discussion.

GENERAL DISCUSSION

Director Miller said there was a bingo study committee meeting yesterday and a consensus was reached on rules regarding qualification and the legitimacy of non profit organizations. It will be presented at the next meeting with the goal of having them take effect January 1, 1994. He said the rule changes will set standards as to the size of the endowments, how much of their gross gambling proceeds must go toward their purpose and administrative costs. He said this will help focus more attention on the "fringe" games that have no business holding a license but do because there are no standards in place to correct their deficiencies. These rules will be on the agenda in September. There are also rules coming up on the next agenda for amusement games to simplify this area. Instead of listing every single amusement game, generalities in standards will be used. Another rule coming up will reduce pull tab retention requirements from four to two months, with a January 1st effective date. It will be on a trial/test basis, with the intent to see if the agency can continue to do the job with a shorter retention requirement. There will be very strong penalties for violation of this rule. Counties have separate rules that require operators to retain the pull tabs longer anyway, so those people will not be affected because they'll still have to keep their pull tabs longer.

RECERTIFICATION REVIEWS

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Chinook Indian Tribe, Inc., Ilwaco

Cally Cass-Healy asked if the Commission would vote on these as a packet or individually. **Chairman Tull** said to read through all of them before the vote. **Ms. Cass-Healy** said they are a charitable organization with a Class "F" bingo license and punchboard/pull tab license. Their statement of purpose is to enhance the cultural, social, and economic well-being of all tribal members; to protect the natural resources of tribal lands and waters; and to facilitate political and legal relationships with external governments. Services are provided through weekly distributions of government surplus food and clothing to the public, participation in parades and the publication of a quarterly newsletter for all members. They also maintain an exhibit of Indian artifacts and art work at the bingo hall. **Chairman Tull** asked if this is the only tribal organization that the Commission licenses for bingo; **Ms. Cass-Healy** said yes; and they have applied for federal recognition but have not yet received it.

Marauders Drum & Bugle Corps, Longview

Ms. Cass-Healy said they are an educational organization and hold a Class "J" bingo license. They also have a Class "K" punchboard/pull tab license. Their statement of purpose is to promote and teach musical skills, as well as the understanding of leadership, discipline, moral ethics, and good citizenship to youth in Cowlitz County and the surrounding area. The organization served 300 members and about 200,000 viewing public through parades, television and competitions last year.

Puget Sound Music Society, Tacoma

Ms. Cass-Healy said they are an educational organization and they hold a Class "H" bingo license and also punchboard/pull tab license. The organization's purpose is to form, maintain and promote musical organizations and groups through performances and education. They served 90 band members and students and approximately 7,000 of the general public last year.

Southwest Athletic Club, Seattle

Ms. Cass-Healy said they are an athletic organization and hold a Class "F" bingo license and also hold a Class "E" punchboard/pull tab license, and a fund raising event license. The statement of purpose is to promote, aid and assist local youth athletic programs. They served 300 of the general public and 179 affiliate members last year.

Ms. Cass-Healy said staff recommends recertification on all four of these organizations.

Chairman Tull said that concludes the reviews in the Commissioner's packet and suggested a motion; **Commissioner Graham** moved to recertify all four of the organizations reviewed as documented in the packet in accordance with staff recommendation; **Commissioner Divine** seconded the motion, motion carried with four aye votes.

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Chairman Tull said that concludes the public meeting portion and called for executive session, which will cover pending litigation, tribal negotiations update and personnel issues. It will last about a half hour. **Chairman Tull** said there would be no other business to take up following the executive session, and adjourned the public meeting until 10:00 a.m. Friday morning. He reminded everyone that the place of next month's Commission meeting has changed to the Best Western Lakeway Inn in Bellingham. That is September 9 and 10.

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WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING FRIDAY, AUGUST 13, 1993

Chairman Tull called the meeting to order at 10:05 a.m. at the Red Lion Inn Hotel, Pasco.

MEMBERS PRESENT:ROBERT M. TULL, CHAIRMAN; COMMISSIONERS WANDA MOSBARGER, PATRICK J. GRAHAM and ARDITH DIVINE.

OTHERS PRESENT:FRANK MILLER, Director; SHARON TOLTON, Special Assistant to the Director; BEN BISHOP, Assistant Director, Licensing; NEAL NUNAMAKER, Deputy Director; JONATHAN McCOY, Assistant Attorney General; and SUSAN YEAGER, Executive Secretary.

Chairman Tull said there aren't many items on the agenda and there is a portion for public comments, which he encouraged anyone to use today. He asked if there were any changes from the published agenda; hearing none he called for approval of the minutes of the last meeting.

APPROVAL OF THE MINUTES FROM THE JULY 8-9, 1993, MEETING

Commissioner Mosbarger moved for the approval of the minutes from the July 8 and 9, 1993, meeting as set forth as printed in the agenda packet. **Commissioner Graham** seconded the motion, motion carried.

STAFF REPORTS

Director Miller said the legislative Gambling Policy Task Force meeting went very well on July 23rd in SeaTac. This was the first real substantive meeting of the task force and the purpose was to examine the nature of gambling in the state as it exists today. He said he gave a three-and-a-half hour presentation on behalf of the Commission, and there were presentations by the Horse Racing and Lottery commissions. **Commissioner Graham** said the Commission's presentation was outstanding and that the Lottery director and others with the Horse Racing Commission commented on it positively. He said the presentation covered everything, and staff should be commended. **Director Miller** said Cindy Reed, Donna Stewart and Ruth Zamora were the staff members most responsible for the presentation preparation and they did a tremendous job. He said next Friday there will be another task force meeting, and that on Thursday they will be going on a tour of the Nooksack casino and then up to Sumas, they also have the option of going to Canada to tour a British Columbia casino. On Friday morning in Bellingham, there will be a major public hearing regarding the social and economic impacts of Indian gaming, the British Columbia model of charitable casinos, and also the current state of commercial stimulant gaming. He encouraged anyone that wants to be involved to attend this meeting and express their views. **Chairman Tull** asked what the proposed date for completion of the task force objective; **Commissioner Graham** said the report is due to

the Legislature by January 1, 1994.

Director Miller said the Mountlake Terrace Lions Club hearing decision came down from the administrative law judge. This case has been an issue of public concern. He gave background on the group and said they began about a year and a half ago with a new bingo operation. He said they have had tremendous difficulty making any money and staying within the regulations, so they were summarily suspended a while ago, pending improvement on compliance over a six-month period. An agreement was reached and a plan made to improve their situation. They were not able to come into compliance; they tried very hard to comply but were still at 86 percent payout for the first six months of 1993, when their requirement was 78 percent. He said this is a very good organization that has tried very hard to come into compliance. He said he did revoke their license and there was a hearing held approximately three weeks ago. The administrative law judge upheld the decision to revoke and their license has been revoked. The organization has 20 days to appeal to the Commission. The only issue that would be before the Commission would be whether or not they violated the terms of the agreement.

Director Miller said a budget memo was passed out to the Commissioners that outlines adjustments made for the next two years. The budget is being watched very closely. Right now there is no decline being seen in statewide revenues for punchboards and pull tabs. He said the tribes are paying their bills and a payment was just received from the Tulalip Tribe, and they are also close to making their first distribution payment to local law enforcement, which is anticipated to be between \$2-300,000 to the County of Snohomish and the City of Marysville.

Sharon Tolton said she and Chairman Tull recently attended the National Council on Problem Gambling conference in New London, Connecticut. The conference included a number of seminars, and Dr. Charles Maurer, president of the Washington State Council on Problem Gambling; Steve Griffiths of the Tulalip Casino, and Ms. Tolton participated in a presentation regarding the experience Washington state has had with problem gambling issues. She said she was elected to a three-year term to the Board of Directors of the national group. There is a possibility that the National Council will hold the next conference in Seattle in 1994. **Chairman Tull** said this was a better conference than he had anticipated and he was pleased to see the level of sophistication that exists in some parts of the industry; in the regulatory community and in some parts of the social service delivery system. He said he was pleased to see that Joe Wozniak of Seattle Big Brothers was there on behalf of the Washington Charitable and Civic Gaming Association. One of the segments involved presentations by Ms. Tolton, Dr. Maurer and Steve Griffiths, which Chairman Tull said were the best presenters during the three days. He said there were breaking stories on the news everyday involving tribal gaming, federal recognition issues, Foxwoods issues, etc. **Chairman Tull** said they did get a chance to get a quick look at the Foxwoods casino, which is on a scale that doesn't seem appropriate for Washington state.

Ben Bishop said that, as part of the new administration and the proactive approach to regulation, the agency has produced a new pamphlet. He said getting information out to people is the best way to increase compliance. Staff prepared three pamphlets that address questions most frequently asked: post-licensing responsibilities, unlicensed gambling activities, and promotional contests of chance. These three pamphlets will be available soon and at the next meeting. A mailing envelope has also been prepared with basic information about the agency for mailing out these pamphlets. The posters shown last month have been

distributed. The training coordinator position is being transformed to that of licensee communications, which will be a centralized place for licensees to call when they have questions. There is also a video that has been distributed and is available for loan to those who do not have one yet that details the pull tab rules and redemption requirements. He said to call Cindy Reed at the Gambling Commission headquarters office to get a copy of the video.

ADOPT OR AMEND RULES

Sharon Tolton said the three rules under 3A can be taken together because they are housekeeping changes to address certain RCW changes. The three are PRIZES, WAC 230-12-030 -- No Beer or Liquor as Prizes; CARDROOMS, WAC 230-02-400 -- Card Game; and BINGO, RAFFLES AND AMUSEMENT GAMES, WAC 230-20-070 -- Regulation of Managers, Operators, and Other Employees. **Chairman Tull** said these three rule changes will be up for final action next month, so this is the last time to take questions from commissioners and formal public comment. Hearing no one, he called for a vote; **Commissioner Divine** moved for final adoption and approval of 3A (1) through (3); **Commissioner Mosbarger** seconded the motion, motion carried.

PETITION

Sugarloaf Creations, Inc.

Ms. Tolton said Item number four is as a result of a petition from SugarLoaf Creations of Boulder Colorado, and they are seeking amendments to Commercial Amusement Game rules, and there are also six rules that are proposed amendments as a result of this petition. All of them provide that Class A or premises-only charitable, non-profit or commercial amusement game licensees, would allow Class B and above licensees to operate amusement games at their business premises. The amendatory sections are: COMMERCIAL AMUSEMENT GAMES, WAC 230-04-135 -- License Required, WAC 230-04-138 -- Authorized Locations, WAC 230-08-060 -- Records, WAC 230-12-020 -- Gambling Receipts Deposit, Exemptions, WAC 230-20-670 -- Operating Requirements, and WAC 230-04-201 -- Fees. **Chairman Tull** said this item is up for discussion and for testimony from the audience today. No one came forward. He said people can also submit written testimony.

Chairman Tull said he has received a memo from Representative Karen Schmidt regarding a question that came up at the last meeting in Silverdale regarding the petition and if it would be perceived as an expansion of gambling by the Legislature. Representative Schmidt wrote in her letter that she sent a memo to all the House members explaining the Sugarloaf proposal and asking for comments on whether they viewed this as an expansion of gambling. No one responded that it was seen as expansion.

UNFINISHED BUSINESS

Chairman Tull asked if there were any other unfinished items, or comments of the public or public officials. **Director Miller** said he would like to give a briefing on Class III gaming issues. He said that two more compacts were signed by Governor Lowry: Squaxin Island Tribe by Shelton, and the Quileute Tribe near

Forks both signed compacts. There are now 10 tribal/state compacts completed. There are new negotiations with the Suquamish Tribe near Bainbridge Island, and with the Port Gamble S'Klallam Tribe near Kingston, and the Yakima Tribe in Eastern Washington has also sought a compact. The Muckleshoot Tribe is still negotiating for a horse racing facility. The Fife group has now pulled out of negotiations with the Horse Racing Commission for the state race track.

Director Miller said there is a group of Attorneys General, Representatives and Governor's Association representatives meeting with tribal members to try and reopen the Indian Gaming Regulatory Act and clarify some of the problems that have occurred in the last few years. It's a difficult process and hard to say whether they'll be able to reach consensus. He said not to expect major repeal or curtailment; he is hoping to be able to preserve the state of Washington's process of a reasonable approach to negotiating. He encouraged everyone to contact their federal officials and make their feelings known on this issue. Director Miller and Chairman Tull were in Washington, D. C., on the day a bill was introduced by the Representative from New Jersey, Toricelli, and his bill is known as the "Trump" bill because there's some concern that it is for the protection of Donald Trump. The bill's purpose is to radically change the Indian Gaming Regulatory Act because of concerns that many states may not be regulating it correctly. **Commissioner Graham** asked about the possibility of a grandfather clause for tribes; **Director Miller** said tribes are concerned that they will lose their ability to compact. Tribes are coming forward for negotiations now so they can have a compact in place before anything happens to IGRA, in case they lose that ability. It's likely that the Tribes that have invested a lot of capital already are going to be grandfathered in if the Act is amended. **Commissioner Mosbarger** asked what would happen if the federal decision opens up IGRA even more; would this state's existing compacts be renegotiated; **Director Miller** said he doesn't see that happening, but that they could be defining terms in a broader perspective requiring states to negotiate things not negotiated in the past. If that happens, it will change the entire nature of gaming in the state and the impacts on the licensees would be much different than it is today. It would be up to the Legislature to determine public policy and how they react.

COMMENTS OF PUBLIC OR PUBLIC OFFICIALS

John Beadle, Seattle Junior Hockey, said he came before the Commission for a formal review a few months ago and during his presentation, he said he was taken off-guard by a question about what they are doing about problem gambling and that his answer was feeble. He said he didn't want the Commission to think the question fell on deaf ears. Since that time, the Washington Charitable and Civic Gaming Association has approved two posters on problem gambling that will go up next week. They also sent a representative of the WCCGA to the problem gambling conference, who was going to give a presentation last night but was unable to make it to the meeting. Mr. Beadle asked Chairman Tull to unveil the new posters, which will be going up in all the WCCGA bingo halls this week. **Chairman Tull** said he appreciates the fact that the Association sent Joe Wozniak to the conference, and that he probably discovered that Washington is in the forefront on this issue. He said he predicts that the licensees will come up with suggestions and approaches that will be better than what anyone else is doing.

Chairman Tull held up each poster for the audience to see; **Mr. Beadle** said the phone numbers of Gamblers Anonymous in particular areas will appear at the bottom of the poster. **Chairman Tull** said there were also posters at the conference and some he felt would not be effective because they were too harsh,

but that these ones are in good taste and well done. He said that Katie Casey of Whatcom County Crisis Services has agreed to become a board member of the Washington State Council on Problem Gambling, and said he is pleased that someone trained in crisis intervention is becoming involved in this. He said she will be a valuable addition to the Council.

Chairman Tull asked if there were any other questions or comments; hearing none, he said the meeting next month has changed location. It will now take place at the Best Western Lakeway Inn in Bellingham. He said this meeting is adjourned.

NOTE: THESE PRINTED MINUTES PLUS THE TAPES CONSTITUTE THE FULL MINUTES.

Susan D. Yeager
Executive Secretary